DECLASSIFIED CIA REPORT

9 April 1992

Background:

In the early 1980s, as part of the overall U.S. Government effort to stop international narcotics trafficking, the Agency began collecting strategic foreign intelligence on narco-dollar money laundering.' A successful intelligence collection operation in the Caribbean developed operational leads to several major foreign banks, including BCCI, suspected of narcotics money laundering. Pursuing these leads, CIA initiated a mutually productive dialogue with international banking experts at the Office of the Comptroller of the Currency to determine how CIA could meet OCC's intelligence needs. In late 1984, Agency officers met with a senior official from OCC who expressed interest in a broad range of international financial intelligence CIA could provide. One of several issues in which the OCC official expressed interest was the takeover efforts and suspicious activities of institutions such as BCCI, which he specifically cited for its spectacular growth and the mystery surrounding its activities. In a later meeting, a Treasury intelligence liaison official expressed the interest of that organization in BCCI because of a possible concern about the less than wholesome reputation of the bank.

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Foreign Intelligence Collection:

In late 1984 and early 1985, the Agency collected some intelligence on BCCI and disseminated the information to the Treasury Department. The foreign intelligence provided to Treasury dealt with several activities, including the following information.

The primary goal of BCCI senior management was growth in deposits at all branches internationally. The strategy being employed by BCCI to achieve rapid growth in assets and profits included manipulation of international financial markets and bribery, which was an approved policy encouraged by senior executives, including the general managers and President Abedi. The objectives of BCCI included developing both profits and political/economic leverage in the Near East, Africa, and Asia through the use of a tremendous volume of financial assets. BCCI expansion in the United States included the secret ownership of the Washington, D.C.-based bank holding company with which BCCI was affiliated. All of the shareholders in the Washington, D.C.-based bank holding company were fronts for BCCI. BCCI loaned them the capital to make the purchase in return for their shares as collateral, which was regarded as a sensitive secret within BCCI management circles. If all of BCCI's assets in the U.S. were included in their balance sheet, the bank would be much higher in the worldwide ranking of the top one hundred financial institutions.

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The Agency-Treasury Dialogue:

CIA provided this foreign intelligence to the Treasury intelligence community liaison representative in January 1985, who reported to CIA that he carried it directly to the Secretary for his further disposition. The Treasury intelligence liaison officer also recommended only two persons in the Comptroller hierarchy see this material, which he described as "dynamite." The liaison officer praised this information, promised to keep the Agency fully informed of Treasury's reaction to it, and provided follow-up collection requirements to the Agency. These included a request for examples of BCCI management encouraging the use of bribery. The Treasury liaison officer also requested the name of the Washington, D.C.-based bank holding company owned by BCCI and the names of any other U.S.-based companies controlled by BCCI.

In April 1985, Agency officers had a curiously unsatisfactory discussion with the Treasury intelligence liaison representative concerning BCCI activities reported earlier by the Agency. The Treasury official explained that the position of the Treasury enforcement offices was that the BCCI activities reported by the Agency were not surprising and complemented the general picture Treasury had of BCCI. The Treasury officer stated that although his organization was interested in BCCI's activities to manipulate an international financial market and in the bank's buying into the U.S. along the lines of its acquisition of Financial General Bankshares, Treasury was not concerned enough to levy further collection requirements on the Agency. The Treasury intelligence

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liaison officer said that money laundering remained the major focus of Treasury's enforcement side.

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